

STATE OF CALIFORNIA

***ELECTRONIC
FUNDS
TRANSFER
PROGRAM***

INFORMATION GUIDE

REVISED, MARCH 2003



**DEPARTMENT OF INSURANCE
JOHN GARAMENDI
INSURANCE COMMISSIONER**

For EFT Assistance

If you have any questions regarding the California Department of Insurance's EFT Program, registration, or electronic funds payment transactions, please call (916) 492-3288 or write to the following address:

California Department of Insurance
Accounting Services Bureau
Attn: Tax Accounting/EFT
300 Capitol Mall, Suite 1400
Sacramento, CA 95814

Or visit our website under "Insurers":

www.insurance.ca.gov

Or e-mail:

eft@insurance.ca.gov

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I. INTRODUCTION

Beginning in January 1994, taxpayers have been able to make tax payments electronically rather than through the use of paper checks. Known as EFT payments (Electronic Funds Transfer), these payments are made by authorizing the transfer of funds from one account to another electronically. Such payments are initiated by telephone or through the use of a computer and modem.

With EFT payments, you may expect to benefit from the reduction of manual paper processing associated with it. You will also realize faster responses to your inquiries regarding the status of your tax payments, as well as cost reductions associated with check processing, postage, and reconciliation.

Background

Electronic Funds Transfers have been used for many years by the federal government and private businesses. Direct deposit of social security payments and employees' wages are commonly made through EFT and many businesses use EFT to pay their suppliers for goods and services.

In 1988, Indiana became the first state to adopt an EFT payment program for its taxpayers. Since that time, the number of states implementing EFT programs for payment of state taxes has steadily increased.

With the passage of Senate Bill (SB) 467, (Chapter 473, Stats. 1991), California became the 24th state to implement EFT for the payment of state taxes. SB 467 required the Board of Equalization, the Employment Development Department, and the Franchise Tax Board to implement EFT programs to collect tax payments.

In 1993, Assembly Bill 2055 (Chapter 661, Stats.1993) authorized the California Department of Insurance (CDI) to implement EFT for collection of Premium Taxes, Surplus Line Taxes, Retaliatory Taxes, and Ocean Marine Taxes, effective January 1, 1994.

II. PROGRAM PARTICIPATION

Mandatory Participation

You are required to participate in the EFT program if your annual taxes for any one type of class of insurance exceed twenty thousand dollars (\$20,000) per California Revenue Taxation Code, Section 12602, and California Insurance Code, Section 1775.8 and 12976.5.

Once you are identified as a mandatory participant, all your future tax payments must be remitted by EFT regardless of the payment type, the payment amount, or the tax year.

Voluntary Participation

If you are not required to make tax payments through EFT you may choose to do so on a voluntary basis by completing an Authorization Agreement for Electronic Funds Transfer (Form CDI 93-01). If you do not have a copy of this form, visit our website at www.insurance.ca.gov, or you can request one by contacting CDI's Tax Accounting/EFT Desk at (916) 492-3288, or e-mail at eft@insurance.ca.gov. Once your Authorization Agreement for EFT is approved, we will mail you a letter confirming the payment method you selected and issue an EFT Taxpayer Identification Number TIN (account number). Your voluntary status will remain in place until either your request for withdrawal is approved, or your status changes to mandatory.

Payment Voucher

If you are mandated or voluntarily elected to pay by EFT, you are still required to submit the tax payment voucher to the California Department of Insurance to ensure that the tax payment is properly applied.

Withdrawal From Participation In EFT

If you are a mandatory participant in the EFT program and wish to discontinue making EFT payments, send a written request and include the reasons for the withdrawal from participation in EFT to CDI's Tax Accounting/EFT Desk **30** days before your next due date. You are required to continue participation in EFT until you are notified of the approval by the Department.

If you are a voluntary participant in the EFT program and wish to discontinue making EFT payments, send a written request and include the reasons for the withdrawal from participation in EFT to CDI's Tax Accounting/EFT Desk **30** days before your next due date. You are encouraged to continue participation in this method of payment to ensure that your tax payments are properly recorded.

III. PAYMENT OPTIONS

There are two reporting methods for making ACH EFT payments:

- Automated Clearing House (ACH) Debit
- Automated Clearing House (ACH) Credit

As their names indicate, both transactions are processed through the Automated Clearing House (ACH) system.

The differences between the two methods are explained in this section so you can select the payment method you prefer. After you decide on a payment method, you must complete an Authorization Agreement for Electronic Funds Transfer (Form CDI 93-01). This form is located at Chapter VI, Section E. See Chapter IV for more information on how to register for EFT.

AUTOMATED CLEARING HOUSE (ACH DEBIT)

Definition

The ACH Debit method allows you to initiate the transfer that electronically debits an account you control for the amount(s), which you report to the State's data collection service. Your account will be debited only upon your initiation and for the amount you specify.

Costs

You will be responsible for any fees, if any, that your financial institution may charge you for the actual transfer of funds.

Prenote Test

When you complete the Authorization Agreement for EFT, you will provide the bank routing number and the specific bank account you want debited to pay your taxes. This information is entered into CDI's computer and transmitted to the State's data collection service. The data collector will then initiate a prenote (prenotification) test. The prenote is a zero dollar transaction to your account to verify the bank information you provided. This test must be processed at least 10 business days prior to your first EFT payment.

***Communication
Methods***

You can choose one of the following methods to contact the State's data collection service:

- Telephone (voice operator assisted or touch tone)
- Personal or mainframe computer

***How To Report
A Payment***

To make an ACH Debit payment, call the State's data collection service at the toll-free number (see Appendix A-3). When you call, you will be asked to provide the following information:

- EFT Taxpayer Identification Number (TIN)
- Security Code
- Tax Type Code
- Tax Due Date
- Payment Amount
- Verification Code
- Date Your Bank Account Will Be Debited (Warehousing)

EFT Taxpayer Identification Number. This is your 8-digit numeric EFT Taxpayer Identification Number (TIN). The California Department of Insurance will assign this number to you when you set up your EFT account. This EFT TIN will be validated by the State's data collection service and will direct your tax payment to the proper taxpayer account. Your EFT TIN is your identification number for your tax payments. Your California Department of Insurance permanent number and/or license number will remain the same.

Security Code. Once EFT information is entered into CDI's computer and transmitted to the State's data collection service, you are then assigned a temporary generic security code. Before you report your first payment, you must call the State's data collection service voice operator (see Appendix A-12) and change the generic code to a four-digit numeric code of your choice. This will be your security code when reporting each payment thereafter. Changing your security code will ensure that outside parties do not have access to your security code. Your security code is not shared with the California Department of Insurance and you may change your code at any time. If you lose or forget your security code, contact CDI's Tax Accounting/EFT Desk at (916) 492-3288 or e-mail at eft@insurance.ca.gov for assistance.

CDI does not have access to your bank account without your authorization. The ACH Debit method can only be initiated by using your EFT Taxpayer Identification Number (TIN) along with your unique security code that you create. Funds can only be transferred to the State's bank account at your request.

Tax Type Code. This code is used to identify the type of tax payment being made. Only one tax type code can be used for each tax payment transaction. The California Department of Insurance uses the following codes:

07130	Premium Tax - Annual
07131	Premium Tax – Prepayment (Quarterly)
07133	Retaliatory Tax
07134	Ocean Marine
07150	Surplus Line Tax - Annual
07153	Surplus Line Tax – Installment (Monthly)

Tax Due Date. This is the *due date* of the tax you are reporting. This information must be given in MMDDYY format, whereby the YY can be current, prior or next year only. Please refer to the list of tax due dates under the section “General Information”.

Payment Amount. The payment amount will be entered in dollars and cents. The maximum amount allowed for any one transaction is \$20,000,000.00.

Verification Code. This is a figure you will calculate based on the total amount you are paying. The verification code helps to ensure that the information has been entered correctly. The data collection service will calculate this code and verify the number that is entered. See Appendix A-1 for an example of how this number is calculated.

Date Your Bank Account Will Be Debited (Warehousing). You can specify what date you would like your bank account to be debited. This date is to be entered in the MMDDYY format. This entry has a maximum range of 60 days from the date you are calling in your payment. Please make sure that the date you specify for your bank account to be debited is not a weekend or observed holiday. After you have reported your payment, you will be provided a reference number that will validate your payment. Keep this reference number for your records.

If you will be making your payment from outside of the United States, call CDI’s Tax Accounting/EFT Desk at (916) 492-3288, or e-mail at eft@insurance.ca.gov for assistance.

When To Report A Payment

For an electronic tax payment to be timely, the transferred funds must settle into the California Department of Insurance’s bank account by the first banking day following the tax due date. To ensure that your funds settle timely into CDI’s account, you must call the State’s data collection service on or before the tax due date.

You can call the State's data collection service at any time to report your payment. The service is available 24 hours a day, year round. **If you call on the tax due date, you must allow enough time to complete your call by 3:00 p.m. Pacific Time.** Otherwise, your payment will not be initiated until the next business day and will be considered late.

***Cancellations,
Corrections,
And Inquiries***

You may cancel, correct, or inquire about a reported transaction if you call the State's data collection service voice operator before 3:00 p.m. Pacific Time the same day the transaction was reported. If you have reported the wrong information to the State's data collection service and missed the 3:00 p.m. Pacific Time deadline for correcting the entry, call CDI's Tax Accounting/EFT Desk at (916) 492-3288 or e-mail at eft@insurance.ca.gov for assistance.

AUTOMATED CLEARING HOUSE (ACH CREDIT)

Definition

The ACH Credit method allows you to transfer funds by instructing your financial institution to debit your account and credit the California Department of Insurance's bank account.

Costs

You must pay the fees charged by your financial institution for any set-up costs and for each ACH Credit transaction initiated.

***Record Format
Requirements***

Your financial institution will debit your account and credit the California Department of Insurance's bank account through the Automated Clearing House network. In order to report your tax payment correctly, your financial institution **must** originate your payment using the **Cash Concentration or Disbursement plus Tax Payment Addendum (CCD+/TXP)** format. This is the standard format that has been adopted for tax payments by the National Automated Clearing House Association (NACHA) and endorsed by the Federation of Tax Administrators.

Before selecting the ACH Credit method, you should check with your financial institution to confirm that they can originate an ACH Credit transaction in the required record format.

***How To Report
A Payment***

Since your financial institution will originate your payment, you should contact them for specific procedures to follow.

At the time you contact your financial institution to report your payment, you must provide them with the filing information required to complete the ACH CCD+/TXP records (such as the tax amount and tax due date). The free form portion of the TXP Addenda Record is shown in the TXP Addenda Convention Layout provided in Appendix B-1.

If you choose the ACH Credit method, we will mail you the California Department of Insurance's EFT bank account and transit/routing number. You must provide this information to your financial institution before you report your first EFT payment.

If you are making a payment to more than one California State Department, it is important to note that each tax department has its own bank account number and requests different information for the "free form area" of the Tax Payment (TXP) Addenda Record. Although the actual addenda formats for each department may look similar, the information requested is different.

***When To Report
A Payment***

To be timely, your tax payment must settle into the California Department of Insurance's bank account by the first banking day following the tax due date. You **must** check with your financial institution to determine when you should originate your payment so that it will settle in CDI's account on time.

You should also check with your financial institution to ensure that they are open for business the day you plan to originate your payment through the ACH network.

The State cannot guarantee timely settlement for an ACH Credit transaction.

Corrections

If you choose the ACH Credit method and discover you have reported erroneous information, you must contact your financial institution for assistance. You are responsible for any errors in reporting or transmitting an ACH Credit transaction.

Prenote Test

It is **strongly** recommended that your financial institution conduct a prenote (prenotification) test to validate the California Department of Insurance's bank account and routing/transit number. This test uses a zero-dollar amount and must be made at least 30 days prior to your initial EFT tax payment.

FEDWIRE

(Prior Written Approval from Department Only)

Definition

A Fedwire payment is a wire transfer system used generally to transfer large dollar amounts instantaneously provided by the U.S. Federal Reserve System.

Prior Written Approval

The California Department of Insurance requires written request from taxpayers to use the Fedwire method for payment of insurance taxes. California Department of Insurance will notify you in writing if your request to use the Fedwire method has been approved. **The use of Fedwire for payment of insurance taxes is for emergency use only.**

If you do not receive prior written approval from the California Department of Insurance and use the Fedwire method to make your insurance tax payment, you will be assessed a ten percent penalty on the amount paid per California Revenue and Taxation Code, Section 12602 (c)(1) and California Insurance Code, Sections 1775.8 (c)(1) and 12976.5 (c)(1).

How To Report A Payment

Since your financial institution will originate your payment, you should contact them for specific procedures to follow.

When you contact your financial institution for specific procedures, you should include the following information for the Fedwire transfer:

- Taxpayer's Name
- EFT Taxpayer Identification Number (TIN)
- Tax Type Code
- Tax Due Date
- Payment Amount
- California Department of Insurance Bank Account Number
- California Department of Insurance ABA Number

IV. REGISTRATION

How To Register

To register to participate in the EFT program (as a mandatory or voluntary participant), you must complete the Authorization Agreement for EFT (Form CDI 93-01) and submit to CDI for approval. If you do not have a copy, visit our website at www.insurance.ca.gov, or you can request one by contacting CDI's Tax Accounting/EFT Desk at (916) 492-3288, or e-mail at eft@insurance.ca.gov.

On the authorization form, indicate the payment method you will use, ACH Debit or ACH Credit.

If you register for the ACH Debit method, you will be asked to complete Section I and Section II and provide a voided check. Your check will verify your financial institution's routing/transit number and your account number. This information is established in the database, whereby you can originate the transfer of funds through the ACH network by voice, touch-tone telephone, or personal computer. If you are unable to provide a voided check, a bank specification sheet may be used instead of the voided check.

If you select the ACH Credit method, complete Section I and Section III of the CDI 93-01 form. This information is maintained in our computer only for future mailings of information on EFT.

After we have received and reviewed the completed agreement form, we will notify you by letter confirming your EFT account and EFT Taxpayer Identification Number (TIN).

Please allow 30 days for the processing of the authorization agreement.

Changing Registration Information

The following changes to your EFT account must be made using the Form CDI 93-01:

- Change in payment methods (ACH Debit & ACH Credit)
- Change financial institutions (ACH Debit only)
- Change account number (ACH Debit only)
- Change address or EFT contact person (all taxpayers)
- Change of taxpayer's name

V. GENERAL INFORMATION

Assessment Notices

Assessment notices are not part of the Electronic Funds Transfer Program. Do not make payments by EFT for invoices received from the California Department of Insurance for penalty assessments. These payments must be made by check, payable to the State Controller's Office.

Emergencies

If there is a problem with making payments using the ACH Debit method, contact the California Department of Insurance Tax Accounting/EFT Desk at (916) 492-3288 or e-mail at eft@insurance.ca.gov.

If you use the ACH Credit method, contact your financial institution.

Penalties And Interest Charges

Penalty and interest charges cannot be made through EFT. You will be billed separately by the California Department of Insurance.

Late Payment

If your payment is not timely, you will be assessed a ten percent penalty, plus interest on the amount due per California Revenue and Taxation Code, Section 12258, and California Insurance Code Section 1775.4(e) and 1775.5(b).

Failure to Pay Taxes by EFT

If you are required to pay taxes through EFT, you must continue to participate in the EFT program unless the California Department of Insurance advises you in writing that you are no longer required to do so. If you do not pay taxes through EFT and use another method to pay (for example, if paid via Fedwire-without CDI's prior approval or payment by check), you will be assessed a ten percent penalty on the amount due per California Revenue and Taxation Code, Section 12602 (c)(1), and California Insurance Code, Section 1775.8(c)(1).

Waiver Of Penalties

If you have received an assessment notice from the California Department of Insurance for the penalties listed below you may request to be relieved of the penalties if you believe the assessment is incorrect or if the non-compliance is due to a reasonable cause or circumstance.

Non-compliance of the timeliness requirement:

- Insurers: Pursuant to California Revenue and Taxation Code Section 12636, your request for waiver of penalties must be submitted in writing to the Board of Equalization, Excise Tax Division, 450 N Street, MIC-56, Sacramento, CA 95814 and must contain a statement under penalty or perjury setting forth the facts upon which the claim for relief is based.

- Surplus Line Brokers: Pursuant to California Insurance Code Sections 1775.4(e) and 1775.5(b), your request for waiver of penalties must be submitted in writing to the California Department of Insurance, 300 Capitol Mall, Suite 1400, Sacramento, CA 95814 and must contain a statement under penalty of perjury setting forth the facts upon which the claim for relief is based.

Non-compliance of the required payment method:

- Insurers or Surplus Line Brokers: Pursuant to California Revenue and Taxation Code Section 12602(c)(2) and California Insurance Code Sections 1775.8(c)(2), your request for waiver of penalties must be submitted in writing to the California Department of Insurance, 300 Capitol Mall, Suite 1400, Sacramento, CA 95814 and must contain a statement under penalty of perjury setting forth the facts upon which the claim for relief is based.

There is no provision in the California Insurance Code or California Revenue and Taxation Code that permits the California Department of Insurance to waive interest assessments.

Tax Due Dates

Under EFT reporting, a payment is considered to be timely if the transferred funds settle into the California Department of Insurance's bank account by the first banking day following the tax due date.

You will need to determine the date when you must initiate your payment so that it will settle in CDI's bank account on time. When you should call to report your payment will depend on the payment method you have selected.

ACH Debit and ACH Credit taxpayers are reminded to check with your financial institution regarding its requirements for timely payments. Some financial institutions require a twenty-four hour lead time.

Tax Due Dates for Insurers that Pay on an Annual and Quarterly Basis:

<u>Reporting Period</u>	<u>Tax Due Date *</u>
Annual Payment and Retaliatory Tax	April 1
1 st Quarter Payment	April 1
2 nd Quarter Payment and Ocean Marine Tax	June 15
3 rd Quarter Payment	September 15
4 th Quarter Payment	December 15

Tax Due Dates for Surplus Line Brokers that Pay on a Monthly and Annual Basis:

<u>Reporting Period (Business Transacted on)</u>	<u>Tax Due Date *</u>
January	April 1
February	May 1
March	June 1
April	July 1
May	August 1
June	September 1
July	October 1
August	November 1
September	December 1
October	January 1
November	February 1
Annual Payment (including December)	March 1

***Weekends And
Holidays***

If your tax due date falls on a weekend or holiday (national or state), your tax payment must settle into the California Department of Insurance's bank account by the first banking day following the tax due date.

When making your payment, you must indicate the reporting period. Refer to the "Tax Due Dates" section for more information.

The following holidays are recognized by the State of California:

News Year's Day
 Martin Luther King Jr. Day
 Lincoln's Birthday *
 President's Day
 Cesar Chavez Day *
 Memorial Day
 Independence Day
 Labor Day
 Columbus Day
 Veteran's Day
 Thanksgiving Day
 Day after Thanksgiving *
 Christmas Day

*All holidays above are recognized by the U.S. Federal Reserve System except Lincoln's birthday, Cesar Chavez day and the day after Thanksgiving.

All ACH Credit taxpayers should check with their financial institution regarding its schedule for processing a transfer.

***Tracing An EFT
Payment***

On occasion it may be necessary to trace a tax payment to establish that the payment was reported to the State's data collection service (ACH Debit) or was originated by a financial institution (ACH Credit).

If you are using the ACH Debit method, the State's data collection service will provide you with a reference number. The reference number will indicate the date you reported your payment. This number will also enable CDI's bank to trace your transaction.

If you are using the ACH Credit method, you will be responsible for obtaining the necessary information to trace the transaction. Contact your financial institution for documents showing the actual transfer of funds.

***Zero Amount
Due***

If you have agreed to make your tax payments through EFT, all tax payments must be by EFT and your tax return must be filed timely. If you have no tax payment to report, you do not need to report a "zero" payment through EFT, however you must file your payment voucher and tax return on a timely basis.

***Filing Tax
Return***

Whether you choose the ACH Debit or ACH Credit method of tax payment, you must continue to file your tax return on a timely basis. The reporting due dates and filing requirements have not changed.

***Payment
Voucher***

If you are a mandatory or voluntary EFT participant, the following rules apply in regards to the payment voucher:

- Insurers are required to submit the payment voucher on a quarterly basis, regardless of the method, or the amount of payment (including zero amount due).
- Surplus Line Brokers are required to submit the payment voucher on a monthly basis, regardless of the method, or the amount of payment (including zero amount due).

Submission of the payment voucher *does not* relieve you of making your monthly or quarterly tax payments through EFT on a timely basis in accordance with the due dates established.

VI. APPENDIX

- A. ACH DEBIT INSTRUCTIONS
- B. ACH CREDIT INSTRUCTIONS
- C. TECHNICAL REQUIREMENTS
- D. GLOSSARY OF TERMS AND ACRONYMS
- E. AUTHORIZATION AGREEMENT FOR ELECTRONIC FUNDS
TRANSFER FORM CDI EFT 93-01

ACH DEBIT INSTRUCTIONS

The following pages explain what information you will need to report your EFT tax payment transaction. We have provided sample scripts of the questions that will be asked for both voice and touch tone telephone communications.

Before You Call

The following information is needed before initiating your ACH Debit transactions:

- **EFT Taxpayer Identification Number (TIN).** This is your California Department of Insurance assigned EFT Taxpayer Identification Number, specifically assigned to you for reporting your tax payments. This EFT TIN is for making tax payments through EFT and does not affect your CDI permanent number or your license number.
- **Security Code.** This is the 4-digit security code you have created for accessing the ACH network.
- **Tax Type Code.** The tax type code identifies the type of tax payment you are making.
- **Tax Due Date.** Indicates the tax due date for which you are reporting. See “Tax Due Dates” section for more information. This information must be given in MMDDYY format for touch tone telephone and computer entries.
- **Payment Amount.** Indicate the total dollars and cents.
- **Verification Code.** This is a figure you will calculate based on the amount you are paying. It is used to ensure that the information has been entered correctly. The verification code is a sum of the digits and the number of digits in your payment amount. For example, if your payment is \$56,318.00, your verification code would be calculated as:

The sum of the digits: 5+6+3+1+8+0+0=	23
The number of digits: (5,6,3,1,8,0,0)=	<u>7</u>
Verification Code	30

The State’s data collection service will also calculate the verification code. Your number and the system’s number must match for the transaction to continue.

- **Date your Bank Account Will Be Debited.** Indicates the date you would like the State's data collection services to debit your bank account for the tax payment. This information must be given in MMDDYY format for touch tone telephone and computer entries. The date can be as many as 60 days in advance of the date you want your bank account debited. Please make sure that the date you specify for your bank account to be debited is not a weekend or observed holiday.

ACH DEBIT INSTRUCTIONS

TOUCH TONE TELEPHONE CALLS

The following is a sample script of an ACH Debit payment reported to the State's data collection service using a touch tone telephone:

STEP 1 **DIAL:** **1-800-554-7500**

STEP 2 *System:* Welcome to the California EFT System. If you are calling from a touch tone phone, press "1" now. If you have a rotary phone, please hold the line for operator assistance.

Caller: 1

STEP 3 *System:* To expedite your call, please press the pound sign (#) after each entry and after the system repeats your entry. If your entry or what you hear is NOT correct, press the star (*) key and the system will reprompt that field. At any time during the recording, press the star (*) key three times to transfer to an operator.

System: For the Board of Equalization, press "1". For the Employment Development Department, press "2". For the Franchise Tax Board, press "3". **For the California Department of Insurance**, press "4". For the Public Employees Retirement system, press "5". For the State Controller's Office, press "6".

Caller: 4#

STEP 4 *System:* To report a payment, press "1". To perform a cancellation or inquiry, press "2". For a security code change, press "3".

Caller: 1#

STEP 5 *System:* Enter your EFT taxpayer ID number. (TIN).

Caller: _ _ _ _ _ # (8 digits)

CONTINUE ON NEXT PAGE

- STEP 6** *System:* You entered _____.
 Caller: Press # to accept, or * to correct and reenter.
- STEP 7** *System:* Enter your security code.
 Caller: _____ #
- STEP 8** *System:* Enter your tax type code.
 Caller: _____ # (5 digits)
- STEP 9** *System:* You entered _____.
 Caller: Press # to accept or * to correct and reenter.
- STEP 10** *System:* Enter the tax due date (MMDDYY).
 Caller: _____ #
- STEP 11** *System:* You entered (month) (day) (century) (year).
 Caller: Press # to accept, or * to correct and reenter.
- STEP 12** *System:* Enter your tax amount.
 Caller: \$_____. ____ #
- STEP 13** *System:* You entered _____ dollars and _____ cents.
 Caller: Press # to accept, or * to correct and reenter.
- STEP 14** *System:* Enter verification code.
 Caller: ____ #

CONTINUE ON NEXT PAGE

STEP 15 *System:* Enter the date you would like your bank account debited (MMDDYY). Please enter the date within 6 seconds, otherwise, the system will default the date to the next business day.

Caller: _ _ _ _ _ #

STEP 16 *System:* You entered (month) (day) (century) (year).

Caller: Press # to accept or * to correct and reenter.

System: Tax report accepted. Your reference number is _____.
Repeating, your reference number is _____. Please record this number for your records.

STEP 17 *System:* To disconnect, press “1”. To continue with additional functions, press “2”.

Caller: 1# - Thank you for using the California EFT System.
2# - return to step #3.

ACH DEBIT INSTRUCTIONS

OPERATOR ASSISTED TELEPHONE CALLS

The following is a sample script of an operator assisted call for an ACH Debit payment reported to the State's data collection service.

STEP 1 **DIAL:** **1-800-554-7500**

STEP 2 *System:* Welcome to the California EFT System. If you are calling from a touch tone phone, press "1" now. If you have a rotary phone, please hold the line for operator assistance.

Caller: Hold for operator assistance.

STEP 3 *Operator:* Welcome to the California EFT System. Which agency are you reporting for?

Caller: California Department of Insurance

STEP 4 *Operator:* Is this a payment, cancellation, inquiry, or security code change?

Caller: Payment.

STEP 5 *Operator:* What is your EFT taxpayer ID number? (TIN).

Caller: _ _ _ _ _ _ _ _ (8 digits)

STEP 6 *Operator:* What is your security code?

Caller: _ _ _ _ (4 digits)

STEP 7 *Operator:* What is your tax type code?

Caller: _ _ _ _ _ (5 digits)

CONTINUE ON NEXT PAGE

- STEP 8** *Operator:* What is your tax due date?
- Caller:* _ _ _ _ _ (MMDDYY)
-
- STEP 9** *Operator:* What is your tax amount?
- Caller:* \$ _____. ____.
-
- STEP 10** *Operator:* What is your verification code?
- Caller:* __ (2 digits)
-
- STEP 11** *Operator:* What is the date you would like your bank account debited?
- Caller:* _ _ _ _ _ (MMDDYY)
- Operator:* Tax report accepted.
- Operator:* Your reference number is _____. Please record this number for your records.
-
- STEP 12** *Operator:* Do you have another tax transaction?
- Caller:* Yes – return to step #3.
 No - proceed to step #13.
-
- STEP 13** *Operator:* Thank you for using the California EFT System.

ACH DEBIT INSTRUCTIONS

PAYMENT CANCELLATION

The following is a sample script when canceling a tax payment. A cancellation can be made on transactions until the day before your account is debited for payment:

STEP 1 **DIAL:** **1-800-554-7500**

STEP 2 *System:* Welcome to the California EFT System. If you are calling from a touch tone phone, press “1” now. If you have a rotary phone, please hold the line for operator assistance.

Caller: Hold for operator assistance.

STEP 3 *Operator:* Welcome to the California EFT System. Which agency are you reporting for?

Caller: California Department of Insurance.

STEP 4 *Operator:* Is this a payment, cancellation, inquiry, or security code change?

Caller: Cancellation.

STEP 5 *Operator:* What is your EFT taxpayer ID number? (TIN)

Caller: _____ (8 digits).

STEP 6 *Operator:* What is your security code?

Caller: _____ (4 digits).

STEP 7 *Operator:* What is the reference number of the payment you wish to cancel?

Caller: _____.

CONTINUE ON NEXT PAGE

- STEP 8** *Operator:* Are you sure you want to cancel this payment?
- Caller:* Yes - *proceed to next step.*
 No - *skip to step #10.*
- STEP 9** *Operator:* Cancellation complete. Your reference number is ____.
- STEP 10** *Operator:* Do you wish to perform additional functions?
- Caller:* Yes – *proceed to next step.*
 No – Thank you for using the California EFT System.
- STEP 11** *Operator:* Is this cancellation for the same EFT Taxpayer ID Number?
- Caller:* Yes – return to step #7.
 No – return to step #3.

ACH DEBIT INSTRUCTIONS

PAYMENT INQUIRY

The following is a sample script when making an inquiry about a tax payment:

STEP 1 **DIAL:** **1-800-554-7500**

STEP 2 *System:* Welcome to the California EFT System. If you are calling from a touch tone phone, press “1” now. If you have a rotary phone, please hold the line for operator assistance.

Caller: Hold for operator assistance.

STEP 3 *Operator:* Welcome to the California EFT System. Which agency are you reporting for?

Caller: California Department of Insurance.

STEP 4 *Operator:* Is this a payment, cancellation, inquiry, or security code change?

Caller: Inquiry.

STEP 5 *Operator:* What is your EFT taxpayer ID number? (TIN)

Caller: _____ (8 digits).

STEP 6 *Operator:* What is your security code?

Caller: _____ (4 digits).

STEP 7 *Operator:* What is the reference number of the payment you wish to inquire about?

Caller: _____.

CONTINUE ON NEXT PAGE

- STEP 8** *Operator:* Do you wish to inquire upon additional payments?
- Caller:* Yes – skip to step #10.
 No - proceed *to next step*.
- STEP 9** *Operator:* Do you wish to perform additional functions?
- Caller:* Yes – return to step #4.
 No – Thank you for using the California EFT System.
- STEP 10** *Operator:* Is this inquiry for the same EFT Taxpayer ID Number?
- Caller:* Yes - return to step #7.
 No - return to step #3

ACH DEBIT INSTRUCTIONS

SECURITY CODE CHANGE

The following is a sample script to change the security code of ACH Debit taxpayers:

STEP 1 **DIAL:** **1-800-554-7500**

STEP 2 *System:* Welcome to the California EFT System. If you are calling from a touch tone phone, press “1” now. If you have a rotary phone, please hold the line for operator assistance.

Caller: 1

STEP 3 *System:* To expedite your call, please press the pound sign (#) after each entry and after the system repeats your entry. If your entry or what you hear is NOT correct, press the star (*) key and the system will reprompt that field. At any time during the recording, press the star (*) key three times to transfer to an operator.

System: For the Board of Equalization, press “1”. For the Employment Development Department, press “2”. For the Franchise Tax Board, press “3”. **For the California Department of Insurance**, press “4”. For the Public Employees Retirement System, press “5”. For the State Controller’s Office, press “6”.

Caller: 4#

STEP 4 *System:* To report a payment, press “1.” To perform a cancellation or inquiry, press “2”. For a security code change, press “3”.

Caller: 3#

STEP 5 *System:* Enter your EFT Taxpayer ID Number (TIN).

Caller: _ _ _ _ _ # (8 digits)

CONTINUE ON NEXT PAGE

ACH CREDIT INSTRUCTIONS

TXP ADDENDA CONVENTION RECORD LAYOUT

The TXP Addenda Convention Record Layout is used by financial institutions who report tax payments for their customers under the ACH Credit method. The information listed below is entered into the “free form” portion of the Addenda Record (positions 4-83). The information entered in this format must be precisely structured as shown below. All fields are mandatory, except for field #6, Verification Number. All fields must be separated by an asterisk (*). The last field entry must be terminated by a back slash (\). Explanations for the field entries are given on the next page.

FIELD	FIELD NAME	LENGTH	DATA TYPE	CONTENTS
	Segment Identifier <i>Separator</i>			TXP *
1	Taxpayer ID Number (TIN) <i>Separator</i>	8	Alpha Numeric	XXXXXXXX *
2	Tax Type Code <i>Separator</i>	5	Numeric	XXXXX *
3	Tax Due Date <i>Separator</i>	6	Numeric	YYMMDD *
4	Amount Type <i>Separator</i>	1	Alpha Numeric	T *
5	Amount Separator <i>Separator</i>	1-10	Numeric	\$\$\$\$\$\$\$cc *
6	Verification Number <i>Segment Terminator</i>	1-6	Alpha Numeric	XXXXXX \

The penalty and interest fields are omitted since no penalty or interest payments are processed through CDI's EFT System.

ACH CREDIT INSTRUCTIONS

TXP DEFINITIONS

Listed below are the definitions for the field entries used in the TXP Addenda Record Layout in Appendix B-1. These definitions apply only to the California Department of Insurance.

<i>Segment Identifier</i>	This identifies the transfer as a tax payment. It must always be coded as TXP.												
<i>Separator</i>	The separator or data element separator is used to separate fields (data elements) within a segment. The character to be used as separator is the asterisk (*).												
<i>Tax Type Code</i>	The five digit tax type code is used to identify the type of tax payment being made. The following codes are used by the California Department of Insurance: <table><tr><td>07130</td><td>Premium Tax - Annual</td></tr><tr><td>07131</td><td>Premium Tax - Prepayment (Quarterly)</td></tr><tr><td>07133</td><td>Retaliatory Tax</td></tr><tr><td>07134</td><td>Ocean Marine Tax</td></tr><tr><td>07150</td><td>Surplus Line Tax - Annual</td></tr><tr><td>07153</td><td>Surplus Line Tax - Installment (Monthly)</td></tr></table>	07130	Premium Tax - Annual	07131	Premium Tax - Prepayment (Quarterly)	07133	Retaliatory Tax	07134	Ocean Marine Tax	07150	Surplus Line Tax - Annual	07153	Surplus Line Tax - Installment (Monthly)
07130	Premium Tax - Annual												
07131	Premium Tax - Prepayment (Quarterly)												
07133	Retaliatory Tax												
07134	Ocean Marine Tax												
07150	Surplus Line Tax - Annual												
07153	Surplus Line Tax - Installment (Monthly)												
<i>Tax Due Date</i>	The tax due date indicates the date the tax is due and must be reported in YYMMDD format. This date should represent the due date of the tax being reported. See "Tax Due Dates" section for more information												
<i>Amount Type</i>	The amount type code identifies what type of amount follows. This data element must always be coded as T to indicate tax amount.												
<i>Amount</i>	Enter the tax amount paid here. The amount must always indicate cents. For example, \$56,318.00 is reported as 5631800. Do not enter commas or a decimal point in this field.												
<i>Verification</i>	This field is optional. It is used to verify the taxpayer's identity. If used, the first six characters of the company name should be entered.												
<i>Segment Terminator</i>	The segment terminator identifies the end of the free form portion of the addenda record and must always be coded as a \ (back-slash).												

TECHNICAL REQUIREMENTS

PERSONAL COMPUTER, TERMINAL, AND MAINFRAME

***Personal
Computer,
Terminal, Or
Mainframe***

You may use a personal computer, terminal, or mainframe computer to report your ACH Debit transactions.

If you choose to use the personal computer, terminal, or mainframe method of communication, we will mail you specific requirements and detailed instructions upon receipt of your authorization agreement. If you have any questions about these payment methods, please contact the California Department of Insurance's Tax Accounting/EFT Desk at (916) 492-3288, or email at eft@insurance.ca.gov.

GLOSSARY

TERMS AND ACRONYMS

<i>ACH</i>	<i>Automated Clearing House.</i> Means an entity that operates as a clearing house for electronic Debit or Credit entries pursuant to an agreement with an association that is a member of the National Automated Clearing House Association (NACHA).
<i>ACH Credit</i>	ACH Credit is a means by which money is transferred electronically through the Automated Clearing House (ACH) network. An ACH Credit transaction is one in which the taxpayer, through its own financial institution, originates an entry crediting the State's designated bank account and debiting its own bank account for the amount of tax payment.
<i>ACH Debit</i>	ACH Debit is the converse of the ACH Credit. Under the ACH Debit method, the taxpayer contacts the State's data collection service and originates an ACH transaction debiting the taxpayer's designated bank account and crediting the State's bank account for the amount of tax payment.
<i>CCD+</i>	<i>Cash Concentration or Disbursement Plus Addenda.</i> This is a standard NACHA data format used to make ACH Credit transactions. The CCD+ format combines the widely used CCD format with a single addendum record that can carry 80 characters of payment - related data known as the TXP (see TXP).
<i>Data Collection Service</i>	Also known as third-party vendor, the State's data collection service is the party responsible for the collection of taxpayer's information for the purpose of initiating an ACH Debit transaction. Taxpayers may report information to the service by means of voice, touch-tone telephone, personal computer, terminal, or mainframe.
<i>EFT</i>	<i>Electronic Funds Transfer.</i> A term that identifies the type of systems used to transfer payments or funds electronically. EFT refers to any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone instrument, computer, or magnetic tape, so as to order, instruct, or authorize a financial institution to Debit or Credit an account.
<i>Federal Reserve System</i>	The central banking system of the United States, consisting of twelve regional reserve banks and those member depository institutions that are subject to reserve requirements.

<i>Fedwire</i>	One wire transfer system used generally to transfer large dollar amounts instantaneously and which is provided by the U.S. Federal Reserve System. The use of this method for payment of premium taxes to CDI requires written approval and is for emergency use only. This method of payment will incur additional cost to the taxpayer which will be billed separately.
<i>NACHA</i>	<i>National Automated Clearing House Association.</i> The association that establishes the standards, rules, and procedures that enable depository financial institutions to exchange ACH payments on a national basis.
<i>Prenote Test</i>	A zero-dollar <i>pre-notification</i> test entry sent through the ACH network to verify banking information. If a prenote is processed, it must be done at least 30 days before actual EFT payment is initiated.
<i>Reference Number</i>	A number is provided by the State's data collection service to the taxpayer using the ACH Debit payment method. This number is given after the taxpayer has provided information needed to initiate a payment. The reference number indicates the date and time the payment was reported and can be used to aid in the tracing of a payment. Reference numbers may also be used in Fedwire transactions.
<i>Settlement Date</i>	The date an exchange of funds, with respect to an entity, is reflected on the books of the Federal Reserve Bank(s) and participating financial institutions. In regards to the timeliness of a tax payment, settlement in the State's bank account must occur on or before the first banking day following the tax due date.
<i>TXP</i>	<i>Tax Payment Banking Convention Record Format.</i> Contains the data format, contents, and implementation suggestions for taxpayers to pay state taxes through the Automated Clearing House under the ACH Credit method. This convention is to be used with NACHA CCD+ format and is used in the majority of other states using EFT for tax collections. The format is carried in the 80-character free form field of the addendum record. The TXP convention has been developed with input from corporate trade associations, state representatives, and federal government agency representatives. The proposed convention is a result of the joint efforts of the Federation of Tax Administrators (FTA), the Committee on State Taxation (COST), and the Banker's EDI Council of NACHA.
<i>Warehousing</i>	<i>Warehousing</i> is the ability of the State's data collection service to hold or "warehouse" a tax payment until the tax due date or a date specified by the taxpayer. With this option, a taxpayer can call the State's data collection service and specify when the taxpayer's bank account is to be debited for the payment. This feature has a range of 60 days from the date the payment is called into the State's data collection service.

State of California

Department of Insurance

AUTHORIZATION AGREEMENT FOR ELECTRONIC FUNDS TRANSFER

CDI EFT 93-01 (Rev 03/2003)

(Instructions on Reverse Side)

Check appropriate box and complete applicable sections below:

☐ New EFT Account
 ☐ Change reporting method
 ☐ Change bank account
 ☐ Change contact person, phone number, or address
SECTION I

EFT Tin #							
Taxpayer name							CDI Identification Number
Taxpayer Address							
City				State		Zip Code	
Doing Business As							
EFT Contact Person		Phone Number		Fax Number		E-mail Address	

COMPLETE SECTION II OR III BELOW:

SECTION II☐ ACH Debit

The California Department of Insurance is hereby authorized to process debit entries to the bank account identified below upon initiation by the above-named taxpayer. This authority is to remain in full force until EFT payments are no longer required by statute or, until the Department of Insurance and I mutually agree to terminate my participation in the EFT program.

Bank Name			
Bank Account Number (not to exceed 17 digits)	Bank Transit and Routing Number		Type of Account Checking <input type="checkbox"/> Savings <input type="checkbox"/>
Method of Communication (Check One): <input type="checkbox"/> Telephone/Voice <input type="checkbox"/> Telephone/Touch Tone <input type="checkbox"/> Personal Computer			

IMPORTANT: If you have selected the ACH Debit option, you must attach a voided check for the account to be debited. Your voided check will verify bank account, transit and routing numbers.

SECTION III☐ ACH Credit

The California Department of Insurance is hereby requested to grant authority for the above named taxpayer to initiate ACH credit transactions to the California Department of Insurance's bank account. These payments must be in the NACHA CCD + format using the Tax Payment Convention (TXP) and may only be initiated for the EFT tax payments to the California Department of Insurance provided for by statute.

The person named below is authorized to sign and handle any EFT transactions.

Authorized Signature	Print Name	Title	Date
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Please mail or fax completed form to:
California Department of Insurance
Attn: Tax Accounting/EFT
300 Capitol Mall, Suite 1400, Sacramento CA 95814

Phone Number: (916) 492-3288

Fax Number: (916) 322-1941

E-mail: eft@insurance.ca.gov

INSTRUCTIONS FOR COMPLETING THE EFT AUTHORIZATION AGREEMENT FORMCDI EFT 93-01 (Rev 03/2003)

GENERAL

Type or print clearly. Return to Tax Accounting/EFT, California Department of Insurance at 300 Capitol Mall, Suite 1400, Sacramento, CA 95814. Retain a copy for your file before mailing.

SECTION I

Complete this section for any type of transaction. For change of address, complete Section I only and sign.

1. The EFT Tin # is assigned when your EFT account is established. The Department of Insurance will notify you by letter when your EFT Tin Number is assigned.
2. The CDI Identification Number is your California Department of Insurance assigned permanent number or the Surplus Line Broker license number.

SECTIONS II AND III

Complete Section II if you select to make payments using the ACH Debit method. Complete Section III if you will make payments using the ACH Credit method. COMPLETE ONE OF THESE SECTIONS, NOT BOTH.

If the ACH Debit method is chosen, a voided check must be attached to the completed authorization agreement. Your voided check will verify the bank account and transit routing numbers.

IMPORTANT INFORMATION

Participation in the Electronic Funds Transfer program shall be for a minimum of one year.

You will receive a confirmation letter from the California Department of Insurance (CDI) upon approval of this agreement. You must make a written request and be approved by CDI to be removed from the Electronic Funds Transfer program. For the request to be approved you must have participated in the EFT program for a minimum of one year and your annual tax liability must be less than \$20,000.

If you have any questions about the Authorization Agreement or the Electronic Funds Transfer program, please contact the California Department of Insurance's Tax Accounting/EFT Desk at (916) 492-3288, or e-mail at eft@insurance.ca.gov.